

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
74th Oregon Legislative Assembly
2007 Regular Session
Legislative Revenue Office

Bill Number: SB 1036-A
Revenue Area: School Finance
Economist: Meyer
Date: 5/02/07

Measure Description:

Allows school districts to impose a tax on new construction measured by the square footage of improvements. Requires revenue to be used for capital improvements and defines capital improvements. Sets a tax rate limit of \$1 per square foot for residential, \$0.50 for commercial and \$0.25 for industrial construction. Imposes additional \$25,000 limit on commercial structures and industrial permits. Indexes rates beginning in 2010. Exempts specified improvements including affordable housing. Grants school districts additional exemption authority.

Requires school districts with construction tax revenue to develop long-term facilities plans. Requires intergovernmental agreement with local governments collecting the tax and limits collection expense to 1% of tax revenue. Preempts local governments from using a construction tax until 2018, but grandfathers in local government construction taxes already in effect as of May 1, 2007.

Revenue Impact:

School Districts	2007-08	2008-09	2007-09 Biennium	2009-11 Biennium
Construction Tax Revenue	Indeterminate			
State School Fund Distribution	0	0	0	0

Impact Explanation:

The amount of square footage revenue depends on the number of school districts adopting the construction tax, the average rate adopted under the limit and the square feet of new construction added in these districts. Assuming that all school districts adopt the maximum tax rate, the total potential revenue is about \$60 million per year. Revenue may replace some school property taxes for school bonds. The distribution of the State School Fund dollars does not change.